

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA
UNSTARRED QUESTION NO. 2256

TO BE ANSWERED ON MONDAY THE 8th MARCH 2021/PHALGUNA 17, 1942 (SAKA)

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“Vivad se Vishwas Scheme”

2256. SHRI G.S. Basavaraj. :

“Will the Minister of FINANCE be pleased to state:-

- (a) Whether the Vivad se Vishwas Scheme launched in 2020 has helped in mopping up tax collections from more than 1,10,000 tax payers amounting to Rs. 85,000 crores and if so, the details thereof;
- (b) Whether this is a small fraction compared to the 4.34 lakh crores in corporate taxes and Rs. 4.49 lakh crores in income taxes, locked up in litigation and if so, the details thereof; and
- (c) The details of plans on the avail for a better dispute resolution mechanism, completely faceless in its assessment process?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) Yes. A total of 1,28,733 Declarations have been filed in Form 1 till 1st March, 2021 by taxpayers. These include 1393 declarations by Central PSUs and 833 declarations by State PSUs/ boards. Declarations have been filed by taxpayers for resolution of Tax disputes amounting to Rs. 98,328 Crores till 1st March 2021. Payment of Rs. 53,346 Crores have been made by taxpayers under the scheme till 1st March 2021.

(b) No. Amicable resolution of large number of pending tax disputes was the primary objective of the scheme. Collection of revenue blocked in litigation is an added advantage that has accrued to the Government. The total number of pending tax disputes as on the Eligibility date was 5,10,491. The 1,28,733 declarations relate to 1,43,126 pending disputes (including cross appeals). Thus, the declarations received under the scheme cover more than 28% of pending tax disputes.

(c) In order to impart greater efficiency, transparency and accountability to the process of disposal of appeals by the Commissioner (Appeals), the Faceless Appeals Scheme, 2020 was notified on 25.09.2020. Under this scheme, appeals before the Commissioner (Appeals) will be disposed by eliminating the interface between the Commissioner (Appeals) and the appellant in the course of appellate proceedings to the extent technologically feasible. However, appeals relating to serious frauds, major tax evasion, sensitive & search matters, International tax and Black Money Act will not be covered by the scheme. The Finance Bill, 2021 has further proposed a number of measures for better dispute resolution mechanism which are discussed below:-

(i) Faceless Income-tax Appellate Tribunal (ITAT)-

The Finance Bill, 2021 has proposed to empower the Central Government to notify a scheme for the purposes of disposal of appeal by the ITAT so as to impart greater efficiency, transparency and accountability by eliminating the interface between the ITAT and parties to the appeal in the course of proceedings to the extent technologically feasible, optimising utilisation of the resources through economies of scale and functional specialisation and introducing an appellate system with dynamic jurisdiction.

(ii) Dispute Resolution Committee (DRC)-

With the objective to allow small taxpayers to resolve their disputes with minimum cost and compliance burden, the Finance Bill, 2021 has proposed to create one or more DRC specifically targeted towards such taxpayers. The DRC shall have the powers to reduce or waive any penalty imposable or grant immunity from prosecution for any offence under the Income tax Act, 1961 ("the Act"). The Finance Bill, 2021 has also empowered the Central Government to make a scheme by notification in the Official Gazette for the purpose of dispute resolution by DRC. The scheme shall impart greater efficiency, transparency and accountability by eliminating interface to the extent technologically feasible, by optimising utilisation of resources and introducing dynamic jurisdiction.

(iii) Board for Advance Rulings (BAR)-

With a view to avoiding dispute in respect of assessment of tax liability and to provide tax certainty, the Authority for Advance Rulings (AAR) was constituted *vide* the Finance Act, 1993 by inserting a new Chapter XIX-B in the Act. In order to enhance the effectiveness of advance rulings, the Finance Bill, 2021 has proposed to replace the AAR by one or more BAR for giving advance rulings under the Act. Every such Board shall consist of two members, each being an officer not below the rank of Chief Commissioner. The Finance Bill, 2021 has also proposed to empower the Central Government to make a scheme by notification in the Official Gazette for the purpose of giving advance ruling by BAR to impart greater efficiency, transparency and accountability by eliminating interface between the Bar and the applicants to the extent technologically feasible, by optimising utilisation of resources and introducing dynamic jurisdiction.

(iv) Interim Board for Settlement ("Interim Board")-

The Finance Bill, 2021 has proposed to discontinue Income-tax Settlement Commission (ITSC) with effect from 01.02.2021. The pending cases for settlement shall be disposed by the Interim Board to be constituted by the Central Government. Further, the Finance Bill, 2021 proposes to empower the Central Government to make a scheme, by notification in the Official Gazette, for the purposes of settlement in respect of pending applications by the Interim Board, so as to impart greater efficiency, transparency and accountability by eliminating the interface between the Interim Board and the assessee in the course of proceedings to the extent technologically feasible; optimising utilisation of the resources through economies of scale and functional specialisation; and introducing a mechanism with dynamic jurisdiction."